

Forum



FORMS OF CORRUPTION

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Introduction

As the intense debate over definition demonstrates, corruption refers to a broad range of behavior. Normally defined as the abuse of public power for personal gain (Nye 1967), most equate corruption with *bribery*, where an illegal payment is made to a government official in return for some type of official, state-sanctioned, authoritative act that has a selective and tangible impact and that in the absence of the secret payment would not otherwise have been made (Johnston 2005, 18). But beyond bribery, corruption also includes *kickbacks* which operate much like a bribe, but where the illegal payment is made after the service is rendered, usually from a portion of the governmental award itself, and *extortion* where the public official threatens to use (or abuse) state power to induce the payment of a bribe. While such acts involve transactions between citizen and government official, corruption also includes *graft* and *embezzlement*, where public officials act alone to appropriate public funds or divert their use. Closely related to graft, *fraud* refers to the various, often complex and imaginative schemes orchestrated by officials to appropriate public funds, often with civilian accomplices. These may include establishing fake companies, listing ghost workers to pad payrolls, overbilling the government on contracts, or otherwise fixing the books to hide the disappearance of public funds. Beyond these acts commonly associated with corruption, corruption also encompasses such diverse activities as *nepotism*, *favoritism* and *conflict of interest*, where public-sector jobs or benefits are illegally channeled to family, friends or to the benefit of the decision-makers own interests. Even within the partisan and electoral realms, corruption encompasses a range of activities such as *illegal campaign contributions*, *illegal expenditures*, *electoral fraud* and *vote buying*.

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Despite a largely methodologically-driven tendency in the literature to create and utilize one standard measure of something called corruption, numerous scholars have peered inside the broad concept to differentiate and identify distinct types and forms of corruption. Differences center on the participants involved in a corrupt act, the types of norms the act violates, the nature of the transaction, the broader context within which the act occurs and the purpose, outcome or motive of the act. Such analytical distinctions are not only important in developing a better understanding of the phenomenon, but are also crucial in exploring the causes and consequences of corruption and in crafting strategies to fight it. This essay presents some of the classificatory schemes, illustrates their use in theory and discusses some of the on-going theoretical and methodological challenges.

Types of corruption

Institutional location of the actor and norms

Whereas by definition political corruption involves “public officials” – thereby differentiating the concept from fraud taking place within society – the sheer vastness of the public sector means that corruption can occur at virtually any place within the government. An easy means of differentiating forms of corruption centers on the institutional location of the public official involved (i.e., corruption within the executive branch, the legislature or the judiciary, the local government, the police, customs agents, building inspectors, etc.). Two broad categories of corruption based on institutional location include “upper-level” and “lower-level” corruption. The former involves presidents, ministers, members of the legislature, governors and other high-ranking officials, while lower-level corruption relates to civil servants. The upper-level/ lower-level distinction largely parallels differences based on the distinct political roles or functions of the public officials and the norms governing their behavior. The term “political corruption” thus tends to refer to corruption occurring at the policymaking stage or, in Eastonian terms, the input side of the political system, whereas “bureaucratic” or “administrative” corruption relates to

the implementation of policy carried out by lower-level officials or the output side of the equation (Bardhan 2006; Scott 1972). Because of their different functions within the system, these two forms of corruption also violate different norms. “Bureaucratic corruption” involves the violation of first-order norms (the written rules and laws that are the product of politicians’ decision making), whereas “political corruption” committed by policymakers entails the violation of more nebulous second-order norms (the often unwritten guidelines determining how politicians should make decisions, such as impartiality and fairness; Warren 2004).

The nature of the transaction

A second taxonomic approach differentiates corruption based on certain characteristics of the transaction. A number of schemes have been developed along these lines. One rather simple approach relates to the direction of corrupt influence. It draws a distinction between “bribery” and “extortion”. In bribery, societal interests use extra-legal payments or bribes to influence the content of state policy or its implementation. At a broader, more systemic level, this form of corrupt influence can take on the characteristics of “state capture”, whereby an entire agency or institution operates on behalf of societal interests. Extortion, by contrast, involves the use and abuse of state power by public officials to demand extra-legal payments or rents in return for providing a legitimate or illegitimate service. In extortion, the direction of influence moves from state to society, while bribery reverses the direction. It is quite different when drug traffickers have half the police on their payroll doing their bidding versus when the police shake down petty thieves or extort “bribes” from citizens for real or imagined offenses.

A second and more elaborate approach based on aspects of the corrupt transaction is offered by Syed Alatas (1990, cited in Heywood 1997, 425–26). He distinguishes six forms of corruption. “Transactive” corruption involves the mutual arrangement between a donor and a recipient; “extortive” corruption implies some form of compulsion usually harming a party; “defensive” corruption refers to the act the victim of extortion is compelled to engage in; “investive” corruption involves an act with no immediate payoff, but an understanding of a favor sometimes in the future; “nepotistic” corruption relates to family members being appointed to positions in the government; “autogenic” corruption entails one per-

son acting alone with no official-citizen exchange; and “supportive” corruption refers to acts designed to protect and strengthen existing corruption.

A third approach based on characteristics of the transaction is essentially a typology based on the relative size and frequency of the acts. This distinction is commonly expressed in terms of “grand” versus “petty” corruption. At one end, “grand corruption” involves large sums of money and usually less frequent transactions, while at the other end “petty corruption” refers to smaller and more routine payments. This distinction tends to parallel those rooted in the institutional position of the state official involved, with “grand corruption” more likely to occur among high level government officials who have limited interaction with the public, while “petty corruption” tends to take place among low-level, bureaucratic workers who regularly interact with the public.

Systemic framework

Though somewhat related to differences based on size and frequency, distinctions are also often based on the broader pattern of corruption within the system. This approach focuses not just on the individual corrupt act, but rather on the context in which the act occurs. Mark Robinson (1988), for example, identifies three forms of corruption: “incidental” corruption, which is confined to malfeasance on the part of the individual and is thus rare; “institutional” corruption referring to certain institutions that may be riddled with corruption due largely to the absence of controls; and “systemic” corruption which reflects situations where corruption is deeply entrenched and pervasive throughout society. A similar sort of distinction contrasts “centralized” and “decentralized” corruption depending on the level of control exercised by the political elite over local officials (Bardhan 2006, 344). This approach tends to parallel other distinctions as well. Institutional, systemic and centralized corruption, for instance, usually involves elaborate webs and chains of illegal payoffs inside government, often to the benefit of superiors or the political party.

Motive or purpose

A final approach distinguishes types of corruption based on the motives, purpose or outcome of the corrupt act. The range, of course, can be rather extensive. Does the corrupt act – for example, allowing a murderer to go free – result in the diversion of millions of dollars from a program designed to help the

poor or simply in speeding up the award of a license that would have been granted in time anyway? One easy distinction based on motive separates corruption that promotes purely personal interests from corruption that benefits a clique, a political party or an institution which may be more systematic. In a discussion of the link between organized crime and corruption, for instance, Margaret Beare (1997, 161–69) offers a non-exhaustive taxonomy of corruption based largely on motive or outcome. She identifies four types: “bribes/kickbacks”, which are paid or demanded in return for being allowed to do legitimate business; “election/campaign corruption”, designed to ensure continuing influence; “protection corruption”, payments in exchange for being allowed to engage in illegitimate business; and “systemic top-down corruption”, where the nation’s wealth is systematically siphoned-off by the ruling elites.

Theoretical linkages and methodological challenges

Identifying different forms of corruption – whether based on the institutional location of the participants, the norms, the nature of the transaction or the underlying motives – is useful largely to the extent that it advances our theoretical understanding of corruption (Gerring 1999). Recognizing different forms of corruption, in short, leads to a series of questions: To what extent do the various types of corruption actually go together? Do all forms of corruption stem from the same underlying causes or are the different types of corruption caused by different factors? Do the different forms of corruption have different affects on society or the political system?

Much of the corruption literature exploring the underlying causes and consequences of corruption fail to differentiate forms of corruption. Corruption, in other words, is treated generically as a singular class of political behavior. This is especially true of the bulk of the quantitative, cross-national studies because of the way corruption is normally measured. On the one hand, an argument can be made that political corruption of any stripe facilitates all or other types of corruption and/or that all types of corruption stem from similar causes. Factors, such as permissiveness or tolerance, the lack of trust or social capital or even the lack of democracy, for instance, would seem to feed bureaucratic corruption as well as political corruption, bribery as well as extortion, corruption within the police, the judiciary, the parties, ad infinitum. Indeed, formal models show that

corrupt activity generally depends on how much corrupt activity is taking place throughout society, suggesting a common pattern (Bardhan 2006, Mishra 2006). Such an assertion that leads to grouping different forms of corruption together not only justifies the use of crude, composite measures of the phenomenon but it also sustains the search for a common set of causal factors and unified or one-dimensional consequences.

On the other hand, a wide range of theories suggest that different forms of corruption may not necessarily go together and that certain factors may relate only to certain types of corruption and not others. Mocan (2004) and Morris (2008), for instance, find weak and limited correlations linking perceptions of corruption from actual involvement in paying bribes or being asked to pay a bribe, particularly among developing countries. Mocan (2004), for example, finds that when the quality of the institution (measured by the risk of expropriation) is controlled for, the weak association between corruption and corruption perception actually disappears. Taking a different approach, Bardhan (2006) distinguishes bureaucratic from political corruption and finds that at least in the case of the United States, the two do not go together and that the United States suffers high levels of political corruption, but low levels of bureaucratic corruption.

Michael Johnston’s (2005) work on corruption syndromes, in turn, highlights different causes for different patterns of corruption. Casting the balance of economic opportunities and political opportunities, weak or strong state and civil society as key causal agents, Johnston identifies four syndromes of corruption – interest group bidding, elite hegemony, fragmented patronage and patronage machines – that differ in terms of the underlying causal agents, the patterns or forms of corruption within the society, in the consequences for the political system, and hence on the approaches needed to curb corruption. In a comparison of corruption in Latin America, Daniel Gingerich (2009) similarly links different types of proportional representation electoral systems to distinct classes of corruption. The open-list, proportional representation (PR) system found in Brazil tends to create strong incentives for legislators to amass a personal following by distributing pork and private goods to supporters back home via, in part, corruption. But while the open-list PR system in Brazil feeds individual schemes of corruption to pay for expensive personal election campaigns, the closed-list PR system

found in Argentina and Bolivia fosters a different pattern of corruption, where the power of the party elite, coupled with a more politicized bureaucracy, pushes party leaders to strike deals with bureaucrats and channel public resources to help the party.

Tying different forms of corruption to different consequences, Morris (1991) links broad forms of corruption to political outcome. Focusing on Mexico, I argue that while extortion can help solidify the elite and enhance centralized control, bribery tends to have the opposite effect, undermining elite unity and political stability. In a similar way, Mushtaq Khan (1998) shows how different forms of corruption can have different economic outcomes. Specifically, he demonstrates that the corruption found in Korea created strong incentives for the state to re-allocate rights and resources in a way that maximized economic growth, while the type of corruption prevalent in South Asian countries enriched political intermediaries and thus tended to undermine economic growth.

A somewhat different theoretical approach links distinct forms of corruption to different perceptions of the seriousness or level of corruptness by elite and the public. One of the earliest explorations of this by Arnold Heidenheimer (1970) relates the perception of corruptness to the nature of obligations within society. In a similar approach using opinion data, John Peters and Susan Welch (1978) find that acts involving a non-political official (judge rather than politician), a public role (rather than private citizen), donations from constituents rather than non-constituents and large payoffs tend to be deemed more serious. A more recent study in France by Lascoumes and Tomescu-Hatto (2008) also gauges the level of corruption for a range of different corrupt acts. This enables the researchers to distinguish four groups of citizens based on their different perceptions of the degree of tolerance for certain acts of favoritism (condemn or not) and overall perception of the extent of corruption among public officials.

Much of the difficulties in studying different forms of corruption are methodological. Despite the numerous taxonomies and typologies developed by analysts, we still lack the tools to adequately measure the different classes of corruption. To date, Transparency International's Corruption Perception Index stands as the most frequent measure used in empirical work exploring the causes or consequences of corruption. This indicator, however, is one-dimensional and does not differentiate among types or

forms of corruption (Johnston 2005, 19). While important in advancing the study, the use of crude, one-dimensional measures of corruption cannot really address questions related to the different types of corruption. It may not be enough simply to say that a country suffers extensive or systemic corruption, or to expect the same causal factors to lie behind all forms of corruption or for all to exert a similar impact. Unfortunately at this stage, this may be all that standardized measures of corruption can tell us and all that we can learn from a global perspective. Though still relying on perceptions as measured through opinion polls, Transparency International's more elaborate Corruption Barometer does differentiate corruption by institutional location. This provides an important methodological tool to differentiate countries based not only on the overall level of corruption, but different patterns of corruption. Part of the theoretical challenge, of course, is to use this data to test and refine theories differentiating cause and consequence, moving the study beyond its one-dimensional focus.

Conclusion

Clearly corruption encompasses a wide range of behavior. As discussed, analysts have identified a number of subcategories or forms of corruption, some of which are more commonly employed than others. Among the criteria most commonly used to draw distinctions are: the institutional location and function of the public official involved ("political corruption" versus "bureaucratic corruption"), the direction of influence ("bribery" versus "extortion"), and the size and frequency of the transaction ("grand corruption" versus "petty corruption"). But despite these and other efforts to tease out different forms of corruption, understanding the relationship among the classes of corruption, their determinants and their consequences continues to confront both theoretical and methodological challenges.

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